



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2001 Assembly Bill 393	Assembly Amendment 1
Memo published: March 4, 2002	Contact: Nicholas Zavos, Staff Attorney (266-1308)

2001 Assembly Bill 393 exempts rent-to-own transactions from the Consumer Act, and creates a new subchapter of the statutes that regulates both rent-to-own agreements and the companies that enter such agreements. Assembly Amendment 1 to Assembly Bill 393 requires an additional provision in all rent-to-own agreements.

As currently drafted, Assembly Bill 393 requires every rent-to-own agreement to contain a number of specific provisions. Among those, the agreement must contain a provision disclosing the amount the lessee would pay if the lessee were to pay in full for the property on the date which the agreement is entered into. In addition, the agreement must contain a provision disclosing the amount the lessee would pay if the lessee were to acquire ownership by paying all the fees, charges, and periodic payments under the agreement. Assembly Amendment 1 requires all rent-to-own agreements to contain a provision which compares these two amounts.

Under Assembly Amendment 1, every rent-to-own agreement must contain a provision called the "cost of rental services." The provision must contain two items. First, the provision must disclose the difference between the amount the lessee would pay by making all the payments under the agreement and the amount the lessee would pay by paying cash-in-full for the property. In addition to this dollar amount, the provision must contain a brief statement. The statement must indicate that the cost of rental service is the amount the lessee would likely pay in addition to the cash price, and must advise the lessee to compare the rental cost to the cost of full payment or purchase with credit.

Finally, Assembly Amendment 1 requires the cash price, periodic payment price, the comparison between the two, and the required statement to be grouped in a manner that highlights the information. In addition, the agreement must contain a space next to each provision where the lessee can acknowledge reading and understanding the information disclosed.

Assembly Amendment 1 was adopted by the Assembly Financial Institutions Committee by a vote of Ayes, 16; Noes, 0 on February 14, 2002.

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